

the new bank should continue the annual payment of 621,-910 thalers (\$465,000) from 1876 to 1925 which had been agreed upon by the Bank of Prussia in 1856.<sup>1</sup> The Imperial government agreed to be responsible for this annuity in case the privileges of the bank were not continued. The shareholders of the Bank of Prussia were given the option of receiving back their capital in cash, in accordance with the pledge of the Prussian law of October 5, 1846, or receiving shares of equal face value with their existing holdings in the new Imperial Bank. The new bank on these conditions succeeded to all the rights and obligations of the Bank of Prussia. The Chancellor of the Empire was authorized to acquire the bank shares which should be exchanged for the shares of the Bank of Prussia and to issue interest-bearing Treasury bonds maturing not later than May 1, 1876, to the amount of the shares not issued, in order to complete the capital of the new institution. The capital was fixed by law at 120,000,000 marks and was divided into 40,000 shares of 3000 marks (\$750) each, of which 19,919 shares replaced the shares of the Bank of Prussia which the holders had chosen to convert; 20,000 shares were placed by public subscription, and 81 by means of sales on the Bourse.

The organization of the Imperial Bank made it entirely a private institution as to ownership, but essentially a public one in its management. "In fact," says M. Octave Noel, "the establishment is closely bound to the state and is only able to move, think or act when the state manifests in some manner its presence and affirms its control/" The official control over the bank is confided to a council of curators, composed of the Chancellor of the Empire, who is President, and four other members, one named by the Emperor and the other three by the Federal Council. The direction of the policy of the bank is so completely under the orders of the Chancellor that in case of his absence or impeachment the presidency of the Council is vested temporarily in an official named by the Emperor. The Chancellor or his substitute

<sup>1</sup> Noel, I., 248.